

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 02-0535P  
Gross and Adjusted Gross Income Tax  
For Calendar Year 1999**

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**ISSUE(S)**

**I. Tax Administration – Penalty**

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer was assessed a penalty for the underpayment of estimated income taxes. Taxpayer protests the proposed penalty assessment for the underpayment of estimated tax and states that it operated at a loss for the first two quarters of 1999. Taxpayer cites Indiana Code 6-3-4-4.1(c), and Regulation 45 IAC 3.1-1-92 that a payment of adjusted gross income tax is not required.

**I. Tax Administration – Penalty**

**DISCUSSION**

Taxpayer protests the penalties assessed for the underpayment of estimated income taxes and merely states that it operated at a loss for the first two quarters of 1999 and no payment was required for those quarters. Taxpayer paid one hundred percent of its tax by the due date of the return.

To avoid the penalty, the quarterly estimate must equal at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) of the final income tax liability for the prior taxable year. Taxpayer failed to make the quarterly estimated payments and has not provided reasonable cause to allow a penalty waiver. Procedures should have been in effect to assure that taxes were timely paid.

**FINDING**

Taxpayer's protest is denied.